IPA ANNUAL REPORT 2017 – 2018

INSTITUTE OF
PUBLIC ACCOUNTANTS®

ABOUT THE INSTITUTE OF PUBLIC ACCOUNTANTS

The IPA, formed in 1923, is one of Australia's three legally recognised professional accounting bodies with more than 36,000 members and students in over 80 countries.

The IPA is a member of the International Federation of Accountants, the Accounting Professional and Ethical Standards Board and the Confederation of Asian and Pacific Accountants.

On 1 January 2015, the IPA acquired the Institute of Financial Accountants in the United Kingdom and in doing so formed the IPA Group which is now the largest small to medium enterprise focussed accounting organisation in the world. The IPA Group is an entity concept and refers to the shared infrastructure. The IPA Board is the governing body of the IPA Group.

2017-2018 THEME: HELPING SMALL BUSINESS FLOURISH

This year's Annual Report theme represents the Institute's **WHY** (our purpose for being):
To improve the quality of life of small business.
The design captures our endeavour to see small business grow across the three key regions that the IPA operates in: Australia, the UK and Asia. More than 70 per cent of IPA members work within the small business sector and recognise the crucial value that small business contributes to the economy globally.

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REPORT FROM IPA BOARD PRESIDENT AND IPA GROUP CHIEF EXECUTIVE OFFICER

TOGETHER WE HAVE COME A LONG WAY

It has been more than seven years since transforming the National Institute of Accountants into the Institute of Public Accountants (IPA). We can look back at that transformation and celebrate what an incredible journey it has been.

The organisation has witnessed significant growth throughout this period, both in Australia and our overseas operations. Our growth model that now underpins the IPA Group incorporates the IFA in the UK; AAT here in Australia and our expanding market in Asia; particularly the growth in our China Division.

Such growth can only be sustainable by working together as one and through the ongoing loyalty of our members. Our 'one IPA Group culture' is bound together with a shared belief in our 'Why": To improve the quality of life of small business

TO IMPROVE THE QUALITY OF LIFE OF SMALL BUSINESS.

This sense of belonging and working together is enhanced by a continuing focus on digitising member experience, our systems and member services to be more efficient and effective. On this latter point, the IPA Group has made significant investment in our ICT and processes to ensure we have the capacity to best serve our members well into the future.

The IPA Group growth model and aspirations have been truly tested and successfully so. In 2014, we set what we referred to as our '16 X 16' target, meaning that the Group would have 16,000 members and $16M revenue by 2016. This was achieved well in advance as has our '20 X 20' target (for 2020), having achieved 20,000 members and $20M revenue in the 2017-18 financial year just gone.

Our continued growth is essential to enable the organisation to continue to invest resources to provide greater member benefits and value. To give a better understanding of the IPA Group transformation and to tell the success story that the 2017-18 year represents, here are a few facts:

- The IPA Group now consists of total members and students in the order of circa 36,000
- Achieved Group revenue of more than $20.5m
- New member admissions greater than 2,280; the largest in the history of the IPA
- China Division saw an increase of 25 per cent in membership with representation across all provinces
- Continued strong retention rates
- PPC holders witnessed a 9.2 per cent growth; now in excess of 4,770
- Retained earnings reached $2.1m

There was also a 40 per cent increase in joint member in-take rate which reinforces the enhanced member value provided by the IPA. It has also been pleasing to see our investment in the IFA has been well founded as the UK team have continued to grow and are now paying their own way.

The year was full of highlights starting with a refreshed brand which has been very well received in the marketplace. This change stemmed from considerable research and has translated to all of our other operational jurisdictions.

We also sought to lift the education bar for members with the introduction of the Master of Business Administration (MBA) replacing our existing professional program. This flexible MBA program delivered by Deakin University is ranked number 15 in the world for online MBA programs and allows our members to achieve an MBA in half the time and cost than otherwise attainable. We see the IPA Program as an excellent opportunity for members to look at their own business models and seek greater opportunities to diversify and grow.

The program has been well promoted including mainstream advertising in the Qantas magazine and on trains and trams. Our marketing to students also increased throughout the year and the impact has been evidenced with a 16 per cent increase in student conversions. This has been made possible with our strong relationship with Deakin University which has allowed the development of a student mentor program and the introduction of an IPA scholarship program.

We continue to maintain a focus on education to ensure members remain at their competitive best in an ever increasing, technological-changing environment. This is well supported by our major events and CPD sessions conducted throughout IPA Group Divisions.

To underline the global nature of the profession and the IPA Group, we undertook our inaugural UK delegation with Australian members enjoying an insightful program of visits in London. This was followed by another delegation to China with a focus on commercial benefits, including visits to key business segment leaders such as Alibaba which is set to become the largest multinational online retailer in the world, in the not too distant future. We also welcomed a delegation of members from China to Australia.

Our major events included the National Congress on the Gold Coast in November 2017 which attracted a record number of attendees. In the pursuit of innovation to deliver high quality CPD, we continued our international presence with offshore events in Queenstown and Bali.

These overseas events were in addition to the hundreds of CPD events held throughout Australia. The TAG roadshows moved across Australian major capital cities and rural areas and continued to attract large attendee numbers and member satisfaction.

After many months of work with the Professional Standards Council (PSC), we extended the PSC scheme to cover all states and territories under mutual recognition. This provided IPA members with a capped liability should there ever be a claim made based on quality of advice or conduct. We anticipate that this arrangement is to be extended to a permanent standalone scheme, likely to commence in early 2019.

An extensive amount of effort, negotiation and documentation is required to have such a scheme available for members.

Similarly, our advocacy activities throughout the year have been tireless and have involved a large number of submissions to government, regulators and standard setters. This has been supported by strong media relations to highlight our position on key issues impacting members, the profession and the small business sector.

The IPA has represented its members and the profession in key areas including Tax Reform, ATO technology issues, the Superannuation Guarantee Amnesty, the proposed SMSF 3-year audit cycle along with many other issues. In the past twelve months we have also pursued the development of the second edition of our Australian Small Business White Paper; this has been a significant body of work through the IPA Deakin SME Research Centre and will form the basis of ongoing advocacy and lobbying work. We expect to release this second edition early in the new financial year.

Further, in recognition of our commitment to small businesses globally, we will pursue a version for the UK market over the next twelve months.

To extend further member benefits, the IPA has introduced a number of new strategic partnerships including quality brands such as; Officeworks, Qantas Business Rewards (QBR) and the St George banking group.

More recently, in partnership with Reckon, we have been working on the development of a new online accounting software solution, IPA Books+ which will be launched early in the 2018-19 year. This development is important for small businesses that will be impacted by the single touch payroll (STP) regime when it is implemented in July 2019. IPA Books+ will provide a reliable solution to cater for the new compliance reporting requirements as a result of STP.

It is very rewarding to see the quality of our partnerships continue and the delivery of increased member benefits. This past year has seen record sponsorship revenue, providing members with greater opportunities around lifestyle and travel.

The IPA Group team and staff development across all operations have also remained a key driver of the Group's success and we are proud to realise the 2017-18 year of significant growth without any incremental increases in staffing numbers.

We continue to work with the cross-functional teams to deliver the best service possible to our members. Employee engagement is a very important ingredient for greater collaboration across teams, along with increased communication efforts including investment in a new SharePoint intranet base for the sharing of information and projects.

Last year, the Group also invested in a major program for senior staff designed to build social capital. The 'IPA Degree' gave participants with excellent opportunities based on self-awareness and assessment along increased collaboration across the group.

In the twelve months ahead, we will be taking the additional step of introducing the Potentialife program for all staff to realise their individual development potential. This program will be also offered to members.

There is no doubt that the IPA Group has come a long way in recent years with the best year record being this past twelve months. We believe with the support of our members, even better results are achievable.

THE YEAR AHEAD AND SETTING OUR SIGHTS ON 2025

With the milestones set and achieved for 2020, we have reviewed our strategic plan and direction and have now set our sights for the year 2025 where we aspire to have 45,000 members and students.

The year ahead is couched to be another busy year for the IPA Group.

The IPA will take a lead role in reactivating the Joint Accounting Bodies (JAB) which has not been truly active for a few years. In light of the financial services regime and the further pressures on the financial services sector stemming from the Hayne Royal Commission, we must do all in our power to maintain and respect the trust we have within the community we serve.

We see it as imperative to have a unified profession with the three accounting bodies representing all members in unison.

The year ahead will also be an election year and we will monitor closely the changes that may take place and continue to advocate for our members' needs and best interests. As such, we will also seek to enhance partnerships with government, regulators, policy makers and standard setters.

On this latter point, we will actively participate in the constitution review of the Accounting Professional and Ethical Standards Board and the review of the 4 Conceptual Framework of the International Accounting Standards Board.

We will also continue to further integrate AAT into the IPA Group. This includes leveraging our ICT investment for greater efficiencies.

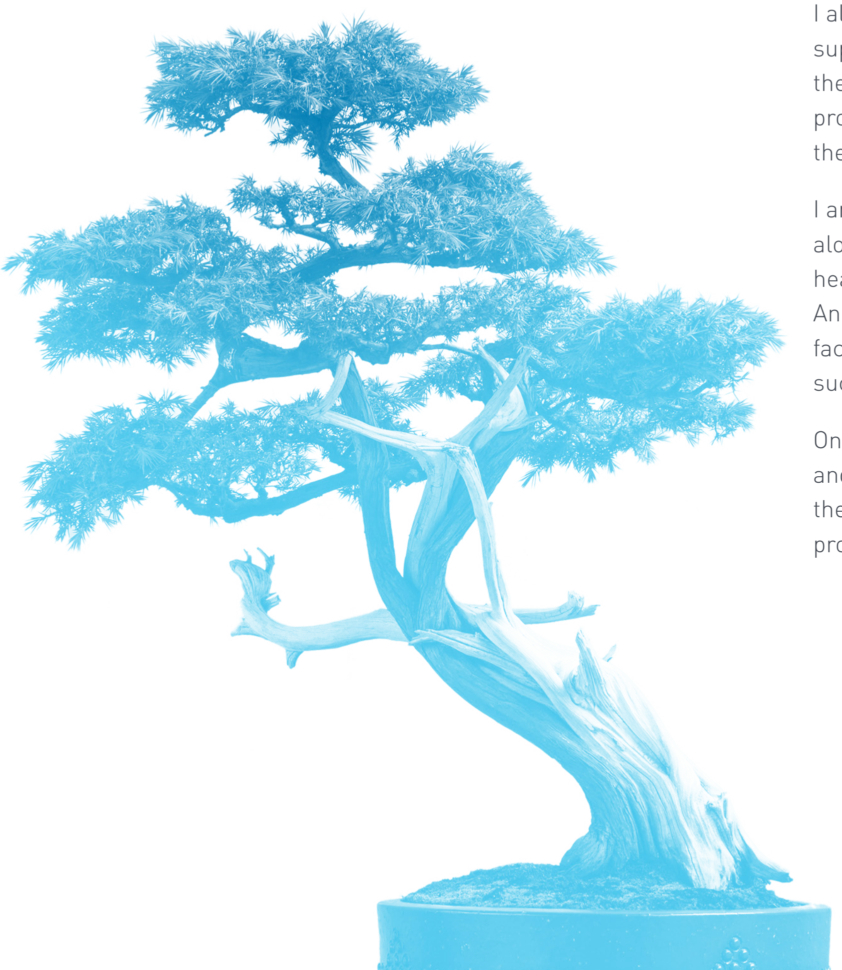
From a marketing and promotions perspective, we will continue to promote the Australian Small Business White Paper, commence similar work in the UK, continue our student activity including scholarships and mentorship programs and promote the IPA Program as an academic program of choice for all members.

CLOSING REMARKS FROM ANDREW CONWAY, IPA GROUP CEO

I wish to thank the IPA Board for their commitment and ongoing support. Their guidance and collaboration over the strategic direction of the IPA Group has been the foundation of what has been a remarkable year of record growth.

My gratitude also extends to my executive team and all IPA Group staff for delivering the successes we have achieved throughout the year. Most importantly, I wish to express my deepest gratitude to our members for their continued support.

We are a membership body and foremost our agenda is to continue to drive member value for the future; which is looking bright for all concerned.



CLOSING REMARKS FROM DAMIEN MOORE, IPA BOARD PRESIDENT

On behalf of the Board, I wish to congratulate Group Chief Executive, Andrew Conway FIPA FFA on what has been a stellar year for the IPA Group. His leadership of the IPA team has yet again delivered considerable success.

I am very confident of the IPA Group's future. We have recalibrated our strategic plan through to 2025 setting a very clear strategy for both growth and increased member value and benefits. The organisation is well equipped with dedicated management and staff and most importantly, truly supported by a very loyal member base that can only drive the growth of the organisation in a forward direction.

I also wish to thank my fellow Board members for their continued support and essentially, their dedication to making the IPA Group the best member association. There are literally hundreds of professional accounting bodies globally; to know the IPA is near the top of the list should make us all proud.

I am looking forward to continuing my support of the IPA Group along with my fellow 36,000 members and students. As the headline of this report reads: *'Together We Have Come A Long Way'*. An association of this nature cannot work in isolation and must in fact, deepen its relationships with many sectors to continue the success journey.

On that note and on behalf of the Board, I want to both thank and congratulate our loyal members for their commitment to the organisation – next year, we will continue to build, grow and prosper together.

THE YEAR THAT WAS 2017 – 2018

The IPA Group continued to go from strength to strength with amazing results and significant milestones achieved.

ADVOCACY, REPUTATION AND TECHNICAL RESOURCES

The IPA maintained strong advocacy efforts throughout the year, building on the organisation's reputation of representing the best interests of members, small business, the public and the broader economy. As it does every year, the IPA produced its annual pre-Budget submission advocating various policy recommendations to boost small business productivity including simplifying tax policy.

ADVOCACY

Tax:

Tax practitioners need good IT systems to support their vital role in the tax system. Therefore, the quality and efficiency with which these services are provided have a significant bearing on our members. The IPA continued its lead role in making the ATO accountable for IT systems reliability. The IPA is now very much looking forward to the promised rollout of the new online portal with its enhanced features to enable practitioners better access to much more detailed information about their clients.

Other advocacy efforts focused on:

- The proposed three-year audit cycle for SMSFs
- Retrospective changes to small business capital gains tax (CGT) concessions
- SMSF 'Event-Based' Reporting Framework
- Future of the Tax Profession
- Transparency of Business Tax Debts
- Black Economy Taskforce
- Small Business Tax Concessions
- Enterprise Tax Plan Base Rate Entities
- House of Representatives Standing Committee on Tax and Revenue review of the 2017 Annual Report of the Commissioner of Taxation
- Improving the integrity of the small business CGT concessions
- Taxation and Superannuation Guarantee Integrity Measures
- Numerous tax related draft rulings.

Numerous submissions and consultation including but not limited to:

- Work with the IPA Deakin SME Research Centre on numerous submissions and the second edition of the Australian Small Business White Paper: Small Business, Big Vision
- APESB, including on NOCLAR, APES 325, APES 230, constitutional review
- AASB, AUASB and FRC, including on audit quality, RCAs, RDR review, NFP guidance, IFAC and Monitoring Group
- Competition policy, including ACCC guidance, collective bargaining, ALRC class actions, third party litigation funding, ACL review
- Financial services, including on establishment of FASEA, exams, code of ethics, ongoing review of FoFA reforms
- Reforms of bankruptcy laws
- Productivity Commission inquiry into competition in the financial system
- ASIC fees and the industry funding model
- Modernising business registers
- Working with Australian Small Business and Family Enterprise Ombudsman, including on working groups relating to unfair contracts, access to justice and cyber security
- Review of ACNC
- Trade and investment policy, including Foreign Affairs White Paper, using technology to improve compliance including application to Free Trade Agreements portal of Department of Foreign Affairs & Trade, trade agreement negotiations, Canberra doorknocks
- Ongoing changes to external dispute resolution system and processes

MEDIA COVERAGE:

We have been both proactive in initiating media coverage and responsive to approaches from the media seeking IPA opinion and comment. This coverage over many media platforms (print, radio, digital) enhances IPA's reputation and influence. We have provided numerous interviews and articles which have been used in non-IPA publications on a wide range of subjects. Some 58 media releases, alerts, columns and opinion pieces reaped 868 mentions of the IPA.

TECHNICAL RESOURCES:

The IPA totally revamped and significantly extended its Professional Practice Program (PPP), a modular program primarily designed for IPA members commencing in professional practice. However, many of the modules are relevant to all IPA members and the IPA encourages members to use the content as a refresher program and ongoing tools and resources. The new PPP covers the latest legislation, regulations and standards relevant to the accounting profession as well as strategy around successful practice management.

The 2017-18 year also saw a record level of use of Professional Assist, reflecting the high quality of this technical resource.

MARKETING, PARTNERSHIPS AND NEW RELATIONSHIPS

The marketing and partnerships function has focused on growing the member base through the provision of new and enhanced member benefits supported by an array of strategic relationships with providers.

MARKETING:

- The launch of the refreshed IPA brand across Australia, the UK and all Asian offices, resulting in consistency between IPA and IFA and consolidation of the IPA brand
- Greater focus on brand awareness through advertising and an increase in our social media presence, including promotion of the IPA Program with the launch of the IPA MBA with Deakin University
- Awareness campaign using IGA community boards in the lead up to the 2017/18 EOFY to promote our members
- Focus on student marketing leading to a significant increase in student to membership conversion
- Key relationship with Deakin university in relation to marketing to students, mentor program and introduction of an IPA scholarship program
- A very successful renewals campaign with record breaking retention.
- Promotion of the IPA program through high exposure channels such as Qantas magazine, tram and train advertising.

PARTNERSHIPS:

- Record sponsorship revenue, providing members with greater opportunities around lifestyle, travel and business needs. Alignment with SME focussed products and services
- Attracted new quality brands such as QBR, Officeworks, St George Banking Group, Receipt Bank
- Negotiated extended partnership with Reckon providing members a white labelled cloud based accounting software solution
- All divisional events had strong sponsorship support
- Strengthened relationship with the new AAT management team with a focus on member benefits and opportunities for operational efficiencies.

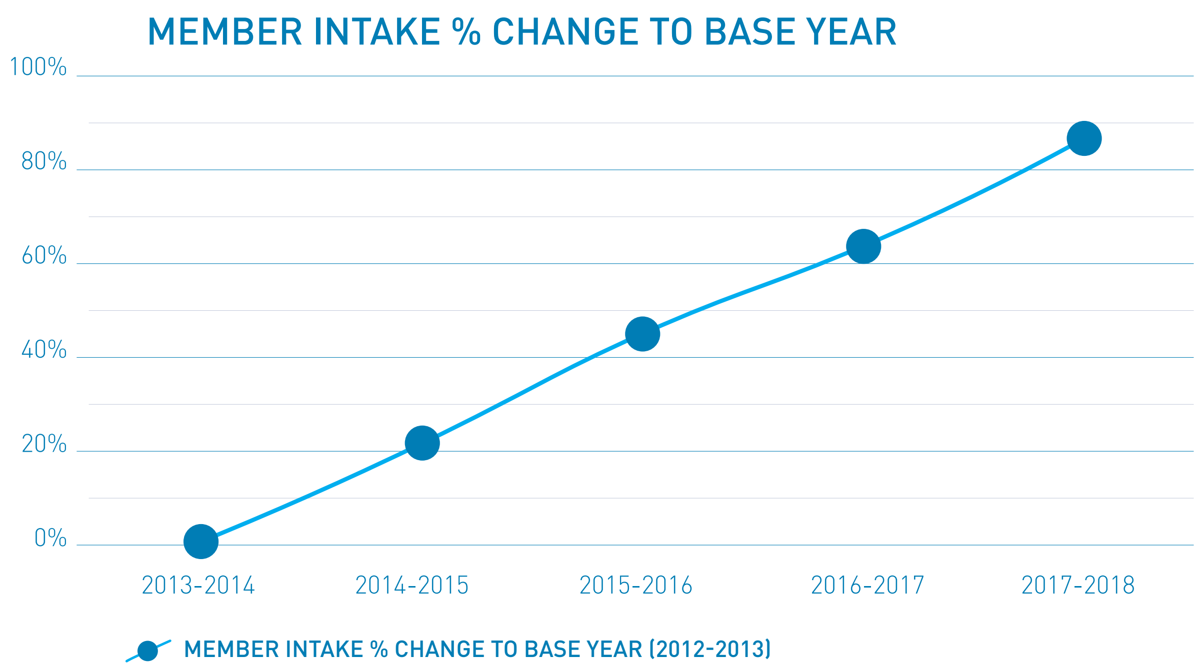
EDUCATION AND CPD

The IPA understands the essential importance of members being up-to-date to enhance their competitive position; to diversify and grow their businesses. This focus has been demonstrated in a number of ways throughout the past 12 months:

- Lifted the bar on education standards by transforming the IPA Program to an MBA through Deakin University; rated 15th for online MBA programs in the world
- Record number of attendees at National Congress held in Queensland November 2017
- Extended popular offshore events including Queenstown and Bali
- TAG roadshows across Australian major capital cities and rural areas attracting highest ever number of attendees and member satisfaction
- Delegations to China and the UK, offering opportunities for 40 plus members to experience doing business in those countries
- Record number of CPD events across all states and territories
- Delegation of Chinese members to Australia

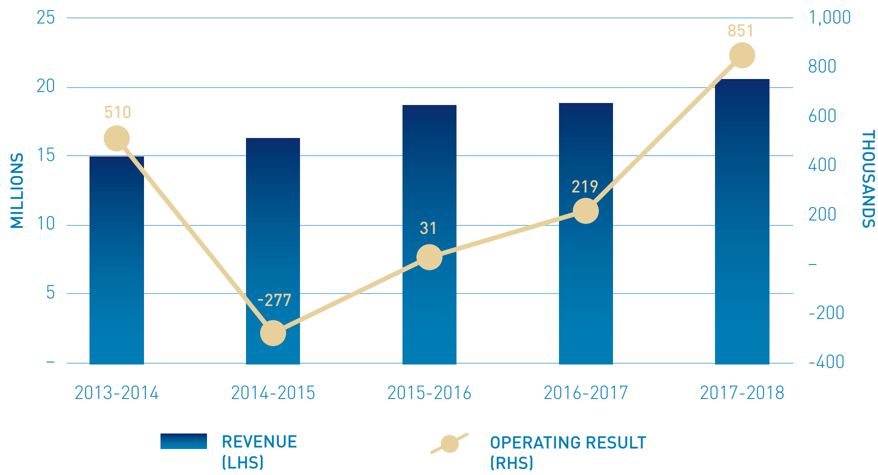
GROWTH

- Exceeded 2020 targets well in advance; reaching 20,000 members and $20m revenue ($20.5m Group revenue)
- Increase in student membership and student conversion of 16%, leading to new AIPA members
- Record member intake of over 2200 new members
- 25% growth of the China membership, with representation across every province
- Continued strong retention rates
- PPC holders – 9.2% growth; now more than 4,770 PPC holders
- Joint member intake in excess of 40% growth

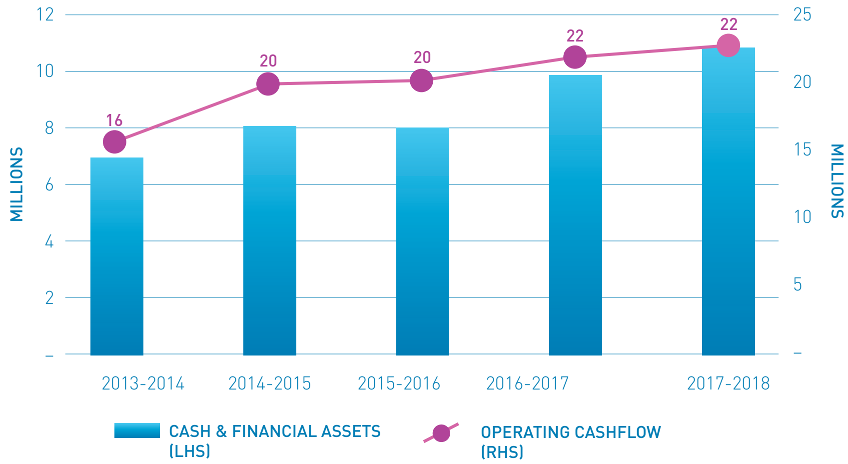


FISCAL POSITION

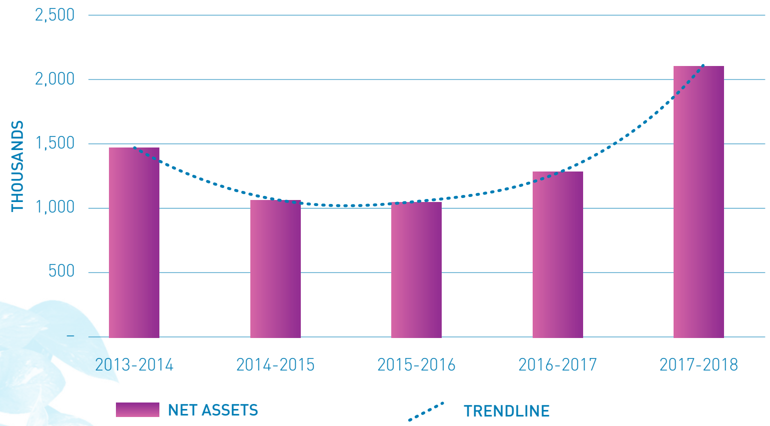
REVENUE AND OPERATING RESULT



CASH ASSETS AND CASHFLOW



NET ASSETS



FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

THE DIRECTORS' REPORT

The directors present this report on Institute of Public Accountants Ltd (IPA) for the financial year ended 30 June 2018.

BOARD OF DIRECTORS

The names of each person who has been a director during the year and to the date of this report, unless otherwise stated, are:

DIRECTORS	POSITION	NATIONAL BOARD MEETINGS	
		NO. ELIGIBLE TO ATTEND	NO. ATTENDED
Damien Moore	President	4	4
Linda Bernard	Deputy President	4	4
Tony McCartin	Deputy President	4	4
Wendy Leegel	Immediate Past President	4	3
Russell Hillard		4	4
Christine Leetham		4	4
Mike Mooney	(Appointed 22 November 2017)	2	2
Jason Parker		4	4
Michael Schaper	(Appointed 22 November 2017)	2	2
Julie Williams	(Appointed 22 November 2017)	2	2
Michael Colin		4	4
Nordin Zain		4	4
Kevin Dawes	(Ceased 22 November 2017)	2	2
Barbara Maguire	(Ceased 22 November 2017)	2	1

COMPANY SECRETARY

Andrew James Conway held the position of company secretary for the financial year.

PRINCIPAL ACTIVITIES

The principal activity of IPA during the financial year was to operate as a professional association of accountants providing members and students with services to meet their professional needs.

STRATEGIC FOCUS

The IPA's strategic focus is based on delivering excellent service and benefits to our members. This is underpinned by maintaining a sound financial base as we continue investing in the expansion of the organisation; and, that our processes are fit for purpose and our people are well placed to deliver the best service possible to our members. The IPA Board and Executive have reviewed the organisation's strategic direction, having exceeded its targets for the 2020 year and has now recalibrated its strategic plan up to 2025.

IPA'S STRATEGY IS BASED ON FIVE STRATEGIC THEMES:

- STRATEGIC THEME 1 – Be recognised as the peak accounting body for Public Accountants in the SMP segments
- STRATEGIC THEME 2 – Be recognised as providers of the highest quality professional accounting qualification in Australia
- STRATEGIC THEME 3 – Actively promote the Institute to grow membership and revenues
- STRATEGIC THEME 4 – Continually enhance our influence on the profession
- STRATEGIC THEME 5 – Ensure we have the best people using the right resources

The Institute has identified a series of service areas required to execute the strategies. These service areas are not designed to reflect the organisational structure of the Institute, rather the broad functional areas within the Institute:

- IPA Group culture
- Brand Awareness and alignment with culture
- Advocacy and Influence
- Member knowledge
- Member support and value
- Business Operations

The IPA's growth strategy is focussed on financial viability whilst we sustainably grow our business, which ensures the ongoing delivery of enhanced benefits to all members. To facilitate this, the IPA has rolled out a shared infrastructure and shared service model that also includes integrated marketing and communications. This allows the IPA to optimise our recruitment, renewal and reinstatement activities and best utilise our trained and focussed business development staff across the organisation.

In 2017, the IPA reviewed its Vision statement which incorporates an understanding of the ultimate social value being created by the work of the Institute. The Board ratified the Vision Statement and 'Why Statement' of the IPA as being: For every small business to have one of our members by their side. The Board reviewed the ultimate social aim of the Institute to identify who is impacted by our work and the work of our members. This led to understanding why we exist which is to improve the quality of life of small business.

Internally, the IPA has continued its Fit for the Future program aimed to ensure our team is appropriately skilled and focussed to deliver the best service possible to members. Part of this is about having the right people in the right roles to deliver; ensuring they have the opportunity to train, develop and grow to be the best they can be for successful outcomes for themselves, the organisation and our members.

THE DIRECTORS' REPORT

SHORT-TERM AND LONGER-TERM OBJECTIVES

- Continue to leverage off the shared infrastructure and shared services platform to drive business efficiency.
- Continue the current growth strategy through the implementation of the integrated marketing communications plan.
- Continue to integrate the UK operations to optimise efficiency, create revenue streams and enhance the member experience to help deliver a return on investment to the IPA Group.
- Continue to provide educational pathways, products and services, CPE and communications that deliver tangible benefits to members and support their growth and prosperity.
- Support members' growth and diversity as they move into the new financial services regulatory regime or broader areas of holistic business advice
- Further expand the integrated marketing communications plan by tailoring to meet the needs of the UK operations.
- Progress the establishment of the IPA Group identity as part of a longer term aspiration in line with the global growth strategy.
- Deliver an enhanced and coordinated CPD program, both online and in-house based to optimise efficiencies and to enhance members knowledge and growth.
- Build on the 2017 brand refresh to focus on enhanced market positioning and greater recognition for our members and the organisation.
- Deliver a rigorous risk and governance framework that provides appropriate mitigation and reporting.
- Develop an enhanced value proposition for students to optimise conversion opportunities.

PERFORMANCE MONITORING AND MANAGEMENT

The IPA has continued its integrated model of strategic planning and performance management through the balanced scorecard. This includes alignment of business unit and staff goals to the corporate strategy, which is supported by KPIs that are aligned to the strategic objectives and supported by an appropriate performance management model.

INFORMATION ON DIRECTORS

MR DAMIEN MOORE FIPA FFA

PRESIDENT

Occupation: Senior Taxation Consultant

Damien is the current Chair of the Board and was appointed to this position in November 2016. He's also held the roles of Vice President and Deputy President on a National Level and SA/NT Divisional President at a State Level. He is a Graduate member of the Australian Institute of Company Directors having successfully completed the Company Directors Course and has worked extensively with Small Business Enterprises his entire career. His roles have included working in the Finance & Accounting sectors for over 20 years and was Managing Director of his own Accounting Practice specialising in Taxation and Advisory to SMEs. Originally joining the IPA as a student member, he completed the Master of Commerce (Professional Accounting) which was part of the IPA Education program.

MRS LINDA BERNARD FIPA FFA GAICD

DEPUTY PRESIDENT

Occupation: Director / Senior Accountant, Grange Professional Services

Joined WA Divisional Council in 2007, became the President from 2009 until 2012. Elected to the board of directors in 2013. Public Practitioner since 2000, registered tax agent, registered SMSF Auditor, holds Bachelor of Commerce in Accounting and Financial Planning from Curtin University and a Masters of Commerce in Professional Accounting from UNE. Linda is also a graduate member of the Australian Institute of Company Directors.

MR TONY McCARTIN FIPA FFA

DEPUTY PRESIDENT

Occupation: Principal / Director – McCartin & Associates, Taxation Consultants and Business Services in Parramatta

IPA member since 1984, NSW Divisional Councillor circa 2006, joined the Board in 2009. In Public Practice, as registered Tax Agent and Public Accountant, since 1984, antecedent, the Australian Taxation Office in Sydney, and Parramatta, 1972 - 1984, taught part time at TAFE NSW 1995 - 2006. Local agent / public officer of several diverse registered foreign companies, local director / public officer of a broad range of subsidiaries of foreign corporations registered in Australia.

Member, Board Membership Committee 2011 -2012, member, then Chair, Board Audit Committee 2012 - 2016, Treasurer - 2016, joined Board Executive Committee 2017 as one of two Dep Pres. Fellow of The Tax Institute & CTA, fellow of Governance Institute of Australia, member of AICD, JP for NSW.

MS WENDY LEEGEL FIPA FFA

IMMEDIATE PAST PRESIDENT

Occupation: Director Change Management and Culture Australian Digital Health Agency, Director Leegel Consulting Group, Management Consultant,

Management Consultant of 25 years at ASX Top 5-20, specialising in commerce and global markets, enterprise risk & governance, P&C, and business strategy - M&As, ICT and TOM design. Qualifications held in accounting and finance, governance and risk, org. change & leadership. Director Change Management & Culture Australian Digital Health Agency, Director Leegel Consulting Group, Director IPA & Ambassador BreastScreen Victoria. Masters in Leadership, MLead UNE.

IPA member 20 years, Vic. Councillor 1999-2000, 2006, instigated Bentleigh discussion group & past Bentleigh convenor. IPA Immediate Past President & Chair IPA/IFA, current Member of the Board Executive Committee (BEC), Deputy Chair of the Disciplinary Committee, Senate Committee representative - Minister Finance Rep. Insolvency Practitioners Disciplinary Committee for 3 year term. Retired NED Board Director of Risk Management Institute of Australia (RMIA). Nominals: Fellow of IPA (FIPA), IFA (FIFA) , FINSIA (F Fin), Governance Institute of Australia (FGIA) GIA (cert.), IML (FIML), and Chartered Management Institute (CMgr FCMI), Graduate of AICD : Australian Institute of Company Directors (GAICD), Member of Change Management (MACMP), AIPM (MAIPM), RMIA (MRMIA), CMI (CMI), Hon JP.

MR RUSSELL HILLARD FIPA FFA

Occupation: Public Accountant, R & J Financial Services

First elected to the board of directors in February 2007 served as Vice President 2009 – 2011, National Treasurer from 2011 – 2013. A Divisional Councillor from 2004 – 2011, elected Divisional President 2006 – 2007 and Divisional Deputy President from 2007 – 2009. Russell is a Commissioner of Declarations, registered tax agent, Self Managed Super Fund Association – SMSF specialist advisor, authorised representative of AMP Financial Planning and a member of the Australian Institute of Company Directors (AICD).

MS CHRISTINE LEETHAM FIPA FFA

Occupation: Head of Delivery Implementation & Performance TAFE NSW Sydney Regine

First elected to the board of directors in October 2002, Christine has been chairman of the National Audit Committee from 2003 to 2005 and was chairman of the National Resources Committee and treasurer from 2005 to 2007. Christine served as a NSW divisional councillor as well as NSW President three times. Christine has also served on the NSW Divisional Recognition Action Committee. Christine was National President from 2009 to 2012. She is also a member of the Australian Institute of Company Directors (AICD).

INFORMATION ON DIRECTORS

MR JASON PARKER FIPA FFA

Occupation: Principal – Parker Accounting & Financial Services

Jason served on the Tasmanian Division of the IPA as President from 2005 to 2007, and served on the Tasmanian Divisional Council from 2003 until the council disbanded. Jason came onto the IPA Board in November 2008. He is a graduate member of the Australian Institute of Company Directors, a registered tax agent, a registered SMSF auditor and a registered migration agent. Jason holds a Bachelor of Commerce (USQ) degree, a Diploma in Financial Services (financial planning – Tribecca), a Graduate Certificate in Applied Finance and a Graduate Certificate in Australian Migration Law and Practice. He is currently studying for a Masters of Business Administration (MBA) degree. Jason continues to be a Director of numerous private companies. He is a Director and Chairman of six unlisted public companies in the business sectors including roadside maintenance, recreational aviation, food recycling, aquaculture, bridge replacement and land based drones. Jason recently joined the Board of a local not-for-profit organisation in the mental health arena.

MR MIKE MOONEY FIPA FFA

Occupation: Accountant

Completed Higher School Certificate 1970; 1971 moved to Sydney working in accounting; enrolled part time in Bachelor of Commerce NSW University in 1973 – 1978; moved to Canberra, started at Price Waterhouse Coopers, Business Services and Tax Section, Canberra Office 1978; completed Commerce Accounting Certificate 1980 at Canberra Institute of Technology Reid, – then graduated Bachelor of Business (Accounting), Charles Sturt 1986; worked as a corporate Financial Accountant for 10 years – continued in a part time financial accountant capacity. In 1996 Mike started his own public accounting practice specialising in tax and small business services (joined the NIA same year) - has since worked/advised with a variety of Canberra & regional businesses – including hardwood logging sawmilling, media design, retail, rural, mechanical services, NBN Installation and cabling businesses, construction industry builders, plasterers etc, plus a number of investors and full time public sector workers and property owners

DR MICHAEL SCHAPER M.COMM, PH.D. FAICD FIPA FFA

Occupation: CEO of Australian Medical Association

Dr Schaper was elected as director in November 2017. From July 2008 to May 2018, he served as the Deputy Chair of the ACCC, and prior to that held a variety of roles in the private sector, senior levels of government and academia. He was previously Small Business Commissioner for the ACT government, foundation Professor of Small Business & Entrepreneurship at the University of Newcastle, and Dean of the Murdoch University Business School. Dr Schaper has held a number of other governance roles, including that of director of the International Council for Small Business, president of the Small Enterprise Association of Australia and New Zealand, and as a member of the governing body (Senate) of the University of Western Australia. He is also currently a Fellow of, and Divisional Councillor for, the Australian Institute of Company Director (ACT Division).

MS JULIE WILLIAMS FIPA FFA

Occupation: Registered Liquidator / Director ISSP Pty Ltd

An IPA member since 2003, having served as QLD Divisional Councillor since 2008 she was the Chair of the National Divisional Council from 2010 until her election to the board in 2017. She is the chair of the IPA Disciplinary Committee and a member of the Board remuneration committee. She was a partner in PPB before moving to Public practice as a Liquidator in 2006. She is a fellow of both the IPA and CPA, holds an MBA, MPA , is a member of the Association of Certified Fraud Examiners, Australian institute of Company Directors, Australian Restructuring Insolvency and Turnaround Association, Turnaround Management Association and the Association of Independent Insolvency Practitioners

MR MICHAEL COLIN FFA FIPA

Michael is a Chartered Accountant who headed a traditional regional accounting firm for over 30 years. He is currently Chief Executive of Make It Happen I Sierra Leone, an educationally focused charity in one of the poorest counties in the world.

Formerly a member of the council of the IFA, Michael was co-opted to the IPA Board following the merger with IPA and has served on the Board Members and Board Audit Committees.

As an accredited civil mediator, he has focused on dispute resolution in the MSE and social sectors mediating commercial and matrimonial disputes as well as professional partnerships matters such as retirement, expansion, dissolution etc. As a trustee of local, national and international charities, as well as through his professional work, Michael has had wide experience in that sector where he has assisted in negotiations of mergers and collaborative working arrangements. Michael served for 8 years as an elected member of the Council of the Institute of Chartered Accountants in England and Wales Council, serving for five years on its Members Services Board and latterly on its Ethics Standards committee. He is a Past President of the Manchester Society of Chartered Accountants and remains on its committee, chairing its charity subcommittee. A Committed Chartered Accountant with experience of both executive and non-executive management in the MSE sector. Non-executive duties have included chairmanship of audit committees, membership of appointments and remuneration committees and a special interest in appropriate Corporate Governance.

DR NORDIN ZAIN FIPA FFA

Occupation: Director, Zurich Insurance

Nordin is an international director from Malaysia. He is a Chartered Accountant and currently sits on the board of Zurich Insurance Malaysia and AIA Investment panel. He was a Partner with Deloitte Malaysia, CEO of the Malaysian Accounting Standards Board, a senior lecturer at the International Islamic University Malaysia and a manager with a commercial bank. He served as a member of Brunei's Public Accountants Oversight Committee and a member of the Accounting and Auditing Organisation for the Islamic Institutions in Bahrain. He holds a doctoral degree in Strategic Management from the University of Strathclyde, Glasgow, UK and is a holder of Masters and Bachelor degrees in accounting from the USA.

AUTHOR'S INDEPENDENCE DECLARATION

LIMITATION OF MEMBERS LIABILITY

IPA is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If IPA is wound up, in accordance with the constitution, each member is required to contribute a maximum of $6.00 each towards meeting any outstanding obligations of IPA. At 30 June 2018, the total amount that members of the IPA are liable to contribute if IPA is wound up is $105,990 (2017: $102,096).

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 29 of the financial report.

The directors' report is signed in accordance with a resolution of the Board of Directors.

Anthony McCartin FIPA
Deputy President

Linda Bernard FIPA
Deputy President

Signed in Hobart, This 7th day of September 2018

McLean Delmo Bentleys
THINKING AHEAD

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF INSTITUTE OF PUBLIC ACCOUNTANTS LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd

Martin Fensome
Partner

Hawthorn
7 September 2018

KRESTON

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Accountants
Auditors
Advisors

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	GROUP 2018 $	GROUP 2017 $	PARENT 2018 $	PARENT 2017 $
REVENUE					
Revenue	2	20,549,356	18,838,827	17,732,265	16,315,668
EXPENSES					
Marketing and publication expenses		(1,993,686)	(1,675,364)	(1,471,202)	(1,233,238)
Corporate services expenses		(3,528,224)	(3,765,730)	(3,146,494)	(3,217,531)
Corporate governance expenses		(2,490,802)	(2,219,230)	(2,213,635)	(1,967,174)
Member services expenses		(11,506,053)	(10,791,835)	(10,126,779)	(9,645,904)
Other expenses		(179,535)	(168,015)	(167,657)	(165,992)
TOTAL EXPENSES		(19,698,300)	(18,620,174)	(17,125,767)	(16,229,839)
SURPLUS FOR THE YEAR	3	851,056	218,653	606,498	85,829
OTHER COMPREHENSIVE INCOME					
Exchange differences on translating foreign owned subsidiary		(32,748)	5,366	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		818,308	224,019	606,498	85,829
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS		818,308	224,019	606,498	85,829

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	NOTE	GROUP 2018 $	GROUP 2017 $	PARENT 2018 $	PARENT 2017 $
CURRENT ASSETS					
Cash and cash equivalents	6	3,445,512	3,052,880	2,221,382	2,070,793
Trade and other recievables	7	1,534,450	453,779	1,542,551	327,520
Financial assets	8	7,369,699	6,822,808	7,369,699	6,822,808
Other assets	9	1,486,415	921,092	1,223,690	706,122
TOTAL CURRENT ASSETS		13,836,076	11,250,559	12,357,322	9,927,243
NON-CURRENT ASSETS					
Trade and other recievables	7	619,998	320,000	966,673	939,833
Other assets	9	70,224	54,870	-	16,247
Plant and equipment	10	1,107,717	927,477	1,051,903	900,689
Intangible assets	11	394,588	419,212	12,865	18,975
TOTAL NON-CURRENT ASSETS		2,192,527	1,721,559	2,031,441	1,875,744
TOTAL ASSETS		16,028,603	12,972,118	14,388,763	11,802,987
CURRENT LIABILITIES					
Trade and other payables	12	1,948,750	1,323,169	1,614,473	1,100,509
Income received in advance	13	9,677,670	8,977,873	8,366,158	7,813,643
Provisions	14	1,186,314	1,192,440	1,186,314	1,192,440
TOTAL CURRENT LIABILITIES		12,812,734	11,493,482	11,166,945	10,106,592
NON-CURRENT LIABILITIES					
Income received in advance	13	881,280	-	881,280	-
Provisions	14	242,339	204,694	242,339	204,694
TOTAL NON-CURRENT LIABILITIES		1,123,619	204,694	1,123,619	204,694
TOTAL LIABILITIES		13,936,353	11,698,176	12,290,564	10,311,286
NET ASSETS		2,092,250	1,273,942	2,098,199	1,491,701
EQUITY					
Retained earnings		2,191,191	1,340,135	2,098,199	1,491,701
Reserve	15	(98,941)	(66,193)	-	-
TOTAL EQUITY		2,092,250	1,273,942	2,098,199	1,419,701

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Retained Earnings $	Reserves $	Total $
GROUP			
Balance as at 30 June 2016	1,121,482	(71,559)	1,049,923
Surplus for the year	218,653	-	218,653
Exchange differences on translating foreign owned subsidiary	-	5,366	5,366
Balance as at 30 June 2017	1,340,135	(66,193)	1,273,942
Surplus for the year	851,056	-	851,056
Exchange differences on translating foreign owned subsidiary	-	(32,748)	(32,748)
BALANCE AS AT 30 JUNE 2018	**2,191,191**	**(98,941)**	**(2,092,250)**

	$	$	$
PARENT			
Balance as at 30 June 2016	1,405,872	-	1,405,872
Surplus for the year	85,829	-	85,829
Balance as at 30 June 2017	1,491,701	-	1,491,701
Surplus for the year	606,498	-	606,498
BALANCE AS AT 30 JUNE 2018	**2,098,199**	**-**	**2,098,199**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

	NOTE	GROUP 2018 $	GROUP 2017 $	PARENT 2018 $	PARENT 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from members and customers		22,636,990	21,663,723	19,434,247	18,752,866
Payments to suppliers and employees		(20,915,900)	(19,605,750)	(18,234,224)	(17,147,717)
Interest received		167,073	162,047	187,305	183,001
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,888,163	2,220,020	1,387,328	1,788,150
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of equipment		1,657	6,507	1,648	6,507
Purchase of intangible assets		(1,790)	(12,263)	(1,790)	(12,263)
Purchase of plant and equipment		(615,761)	(387,967)	(562,866)	(376,893)
Transfer to from bank term deposits		(546,891)	(1,003,146)	(546,891)	(1,003,146)
Loan proceeds/(advances)		(299,998)	30,000	(126,840)	65,272
NET CASH USED IN INVESTING ACTIVITIES		(1,462,783)	(1,366,869)	(1,236,739)	(1,320,523)
Effects of exchange rate changes on cash and cash equivalents		(32,748)	5,366	-	-
Net increase in cash held		392,632	858,517	150,589	467,627
Cash and cash equivalents at beginning of the financial year		3,052,880	2,194,363	2,070,793	1,603,166
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6	3,445,512	3,052,880	2,221,382	2,070,793

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The financial report includes the consolidated financial statements and notes of Institute of Public Accountants Ltd and Controlled Entity (the "consolidated group" or "group"), and the separate financial statements and notes of Institute of Public Accountants Ltd as an individual parent entity ("parent entity" or "parent").

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 7 September 2018 by the directors of the company.

ACCOUNTING POLICIES

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent entity ("the parent"), Institute of Public Accountants Ltd, and its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the subsidiary are provided in Note 17.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

b. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

GOODWILL

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i the consideration transferred;

ii any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

iii the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

c. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

d. Trade and Other Receivables

Trade receivables, which comprise amounts due from memberships and from services provided, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement vary from seven to ninety days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for impairment is made when there is objective evidence that IPA will not be able to collect the debts.

e. Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

DEPRECIATION

The depreciable amount of all fixed assets, including capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life to IPA commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

CLASSES OF FIXED ASSET	DEPRECIATION RATE
Leasehold improvements	10-12.5%
Plant and equipment	10 - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

f. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to IPA, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that IPA will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Financial Instruments

INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when IPA becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that IPA commits itself to either purchase or sell the asset (that is, trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified as at fair value through profit or loss in which case transaction costs are expensed to statement of comprehensive income immediately.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

i Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

ii Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is IPA's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period IPA sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

iii Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

IMPAIRMENT

At the end of each reporting period, IPA assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduced carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, IPA recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that loss events that have been occurred are duly considered.

DE-RECOGNITION

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby IPA no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired.

The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

h. Impairment of Assets

At the end of each reporting period, IPA assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, IPA estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives.

i. Intangible Assets other than Goodwill

PATENTS

IPA has capitalised the legal and patent costs of changing the name to the Institute of Public Accountants Ltd. The amount capitalised is amortised over three years. (Refer Note 11).

DEVELOPMENT COST

Development cost of training materials are capitalised and amortised over the useful life of the training materials. The amount capitalised is amortised over three years.

j. Trade and othe Payables

Trade payables and other payables represent liabilities for goods and services received by IPA during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k.Provisions

Provisions are recognised when IPA has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the net estimate of the amounts required to settle the obligation at the end of the reporting period.

l. Employee Benefits

SHORT-TERM EMPLOYEE BENEFITS

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l. Employee Benefits (cont'd)

LONG-TERM EMPLOYEE BENEFITS

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

m. Revenue

Revenue from membership subscriptions and receipts attributable to the current financial year are recognised as revenue. Members' subscriptions and receipts relating to periods beyond the current financial year are shown in the statement of financial position as members' subscriptions in advance under the heading of payables in current liabilities.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the members and customers.

All revenue is stated net of the amount of goods and services tax (GST).

n. Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

o. Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payable to suppliers.

p. Foreign Currency Transactions and Balances

FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

GROUP COMPANIES

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;

- income and expenses are translated at average exchange rates for the period; and

- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

q. Comparitive Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

r. Income Tax

IPA is a not-for-profit organisation to which the principle of mutuality applies. The principle of mutuality is a common law principle arising from the premise that a person cannot profit from himself. The effect of this is that IPA only pays income tax on net income, which is not derived from members. Income, which is derived from members, is exempt from income tax.

IPA is subject to income tax at 30 per cent and IFA is subject to income tax at 19 per cent.

s. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statement based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within IPA

KEY ESTIMATES – IMPAIRMENT

Receivables are stated net of a provision for impairment of doubtful member and non-member debts and aggregates to $20,329 (2017: $19,730) for the group and $1,000 (2017: $709) for the company.

With respect to cash flow projections for goodwill, growth rates of 2% to 4% from 2018 have been factored into valuation models for the next five years on the basis of management's expectations around the company's and group's continued ability to retain and increase memberships in key markets.

No impairment has been recognised in respect of goodwill at the end of the reporting period. Should the projected turnover figures be at 90% of budgeted figures incorporated in value-in-use calculations, no impairment loss would arise.

KEY JUDGEMENTS

Loan to Association of Accounting Technicians (Australia) Ltd ("AAT")

IPA is owed $619,998 (2017: $320,000) as per an agreement with AAT. The directors assess at the financial year end, the likelihood of repayment at the designated due date as per the agreed arrangement (Refer Note 7). AAT also shares accommodation with IPA and pays interest on the loan. The status of those obligations at 30 June 2018 is also taken into account when the assessment is made of any impairment to the loan.

t. New and Revised Accounting Standards

The AASB has issued a number of new and revised Standards and Interpretations that have mandatory applicable dates for future reporting periods. Based on the entity's preliminary assessment of the impacts of these Standards and Interpretation, except for AASB 16 Leases which applies to annual periods beginning on or after 1 January 2019, all other new and revised accounting Standards is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: REVENUE

	GROUP		PARENT	
	2018	2017	2018	2017
	$	$	$	$
OPERATING REVENUE				
Members subscriptions	13,394,715	12,585,970	10,883,583	10,270,068
Members activities	3,265,549	2,817,121	3,202,137	2,747,596
Noosr assessments	1,144,250	954,564	1,144,250	954,564
Non-member activities	1,694,304	1,617,855	1,478,430	1,475,464
Interest income	173,185	160,702	193,417	181,656
Other revenue	674,553	611,736	627,648	595,440
Management fees	202,800	90,880	202,800	90,880
TOTAL OPERATING REVENUE	20,549,356	18,838,827	17,732,265	16,315,668

NOTE 3: SURPLUS FOR THE YEAR

The following significant expense items are relevant in explaining the financial performance:

Rental expense on premises	1,415,053	1,357,281	1,125,843	1,105,033
Depreciation of plant and equipment	416,814	514,288	393,367	497,320
Amortisation of intangible assets	26,414	28,047	7,900	3,851
Loss on disposal of plant and equipment	17,050	-	16,637	-
Employee benefits expense	8,253,191	7,946,227	7,159,483	7,011,542
Advertising and promotions	446,449	395,626	384,526	325,239
PROFESSION RELATED COSTS				
Australian Professional Ethical Standards Board contribution	483,333	476,623	483,333	476,623
International Federation of Accountants contribution	230,840	247,750	179,813	198,224
Confederation of Asian and Pacific Accountants (CAPA)	30,925	32,684	30,925	32,684

NOTE 4: INCOME TAX EXPENSE

PARENT

The prima facie income tax expense attributable to the members of IPA of $181,949 (2017: income tax expense of $25,479) is offset by a permanent difference arising from mutual activities with members and unconfirmed accumulated tax losses. At financial year end, unconfirmed accumulated tax losses of $8,158,309 (2017: accumulated tax losses of $7,664,759) existed, giving rise to a potential future tax benefit. The potential future tax benefit attributable to the tax losses is not recognised, as realisation is not probable.

GROUP

The prima facie income tax expense attributable to the members of the group is $230,684 (2017: income tax expense of $42,188). At financial year end, unconfirmed accumulated tax losses of $8,158,309 existed, giving rise to a potential future tax benefit. The potential future tax benefit attributable to the tax losses is not recognised, as realisation is not probable.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

DIRECTORS

Directors of the Institute (and its subsidiaries) do not receive director's fees, rather an amount of $1,650 is payable to the director's employer per Board meeting attended. The maximum amount payable for attendance at 4 board meetings is $6,600 per annum. For the President, the amount is $3,300 per board meeting or $13,200 per annum. These amounts exclude GST (if applicable).

	GROUP		PARENT	
	2018 $	2017 $	2018 $	2017 $
Key management personnel compensation	2,214,158	2,203,273	1,955,837	1,973,230

The total number of key management personnel for the year ended 30 June 2018 for the parent and group is 8 and 9 respectively.

INFORMATION RELATED TO THE CONTRACT OF THE GROUP CHIEF EXECUTIVE OFFICER

The fixed contract of the Group Chief Executive Officer for the year ended 30 June 2018 was $600,000 with a capacity to earn a performance bonus of up to 5%.

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	1,225,047	986,188	917	4,101
Deposits at call	1,720,465	1,566,692	1,720,465	1,566,692
Short term deposits	500,000	500,000	500,000	500,000
TOTAL CASH AND CASH EQUIVALENTS	3,445,512	3,052,880	2,221,382	2,070,793

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: TRADE AND OTHER RECEIVABLES

	GROUP 2018 $	GROUP 2017 $	PARENT 2018 $	PARENT 2017 $
CURRENT				
Trade receivables	465,095	375,725	406,751	328,229
Provision for impairment of receivables	(20,329)	(19,730)	(1,000)	(709)
Trade receivables, net	444,766	355,995	405,751	327,520
Loan to The Institute of Financial Accountants	-	-	100,000	-
Other receivables	1,089,684	97,784	1,036,800	-
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	1,534,450	453,779	1,542,551	327,520
NON-CURRENT				
Loan to Association of Accounting Technicians (Australia) Ltd	619,998	320,000	619,998	320,000
Loan to The Institute of Financial Accountants	-	-	346,675	619,833
TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES	619,998	320,000	966,673	939,833

PROVISION FOR IMPAIRMENT OF RECEIVABLES

Movement in the provision for impairment of receivables between the beginning and the end of the current financial year is as follows:

	GROUP $	PARENT $
BALANCE AT BEGINNING OF THE YEAR	19,730	709
- Charge for the year	12,066	1,000
- Written back	(2,579)	-
- Written off	(8,888)	(709)
BALANCE AT END OF THE YEAR	20,329	1,000

LOAN TO ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LTD

The directors have assessed the carrying amount at balance date and have determined that the recoverable amount is the carrying amount. The principal sum repayment was deferred by a Deed of Variation of Loan Agreement dated 30 June 2017 with repayments to commence from 7 July 2019. The Association of Accounting Technicians (Australia) Ltd has the option to repay the amounts earlier. An additional principal amount of $299,998 was made to AAT on 7 July 2017. The loan is subject to interest at a rate of 0.5% above the 90 days bank bill rate per annum.

LOAN TO THE INSTITUTE OF FINANCIAL ACCOUNTANTS

The directors have assessed the carrying amount at balance date and have determined that the recoverable amount is the carrying amount. From 1 June 2018, The Institute of Financial Accountants will repay IPA a minimum amount of $100,000 per financial year. The loan is subject to interest at a rate of 1.5% above the 90 day bank bill rate per annum.

NOTE 8 : FINANCIAL ASSETS

	GROUP		PARENT	
	2018	2017	2018	2017
	$	$	$	$
CURRENT				
Bank term deposits	7,369,699	6,822,808	7,369,699	6,822,808

NOTE 9: OTHER ASSETS

	GROUP		PARENT	
	2018	2017	2018	2017
	$	$	$	$
Deposits	166,645	111,769	156,352	102,576
Prepayments	1,203,612	701,077	951,180	503,401
Accrued income	116,158	108,246	116,158	100,145
TOTAL CURRENT OTHER ASSETS	1,486,415	921,092	1,223,690	706,122
NON-CURRENT				
Rental deposit	70,224	38,623	-	-
Other asset	-	16,247	-	16,247
TOTAL NON-CURRENT OTHER ASSETS	70,224	54,870	-	16,247

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: PLANT AND EQUIPMENT

	GROUP		PARENT	
	2018	2017	2018	2017
	$	$	$	$
Plant and equipment - at cost	2,218,600	2,068,570	2,096,382	1,986,399
Accumulated depreciation	(1,729,477)	(1,617,847)	(1,653,123)	(1,562,464)
TOTAL PLANT AND EQUIPMENT	489,123	450,723	443,259	423,935
Leasehold improvements - at cost	1,704,385	1,735,890	1,692,076	1,735,890
Accumulated depreciation	(1,395,238)	(1,259,136)	(1,392,879)	(1,259,136)
TOTAL LEASEHOLD IMPROVEMENTS	309,147	476,754	299,197	476,754
Work in progress	309,447	-	309,447	-
TOTAL PLANT AND EQUIPMENT	1,107,717	927,477	1,051,903	900,689

MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year are as follows:

	PLANT AND EQUIPMENT $	LEASEHOLD IMPROVEMENTS $	WORK IN PROGRESS $	TOTAL $
GROUP				
Carrying amount as at 30 June 2017	450,723	476,754	-	927,477
Additions	294,005	12,309	309,447	615,761
Disposals	(10,025)	(8,682)	-	(18,707)
Depreciation expense	(245,580)	(171,234)	-	(416,814)
CARRYING AMOUNT AS AT 30 JUNE 2018	489,123	309,147	309,447	1,107,717
PARENT				
Carrying amount as at 1 July 2017	423,935	476,754	-	900,689
Additions	253,419	-	309,447	562,866
Disposals	(9,603)	(8,682)	-	(18,285)
Depreciation expense	(224,492)	(168,875)	-	(393,367)
Carrying amount as at 30 June 2018	443,259	299,197	309,447	1,051,903

NOTE 11: INTANGIBLE ASSETS

	GROUP		PARENT	
	2018	2017	2018	2017
	$	$	$	$
Patents - at cost	107,048	105,257	107,048	105,257
Accumulated amortisation	(94,183)	(86,282)	(94,183)	(86,282)
TOTAL PATENTS	12,865	18,975	12,865	18,975
Goodwill - at cost	381,723	381,723	-	-
Development costs of training materials - at cost	91,475	91,475	-	-
Accumulated amortisation	(91,475)	(72,961)	-	-
TOTAL DEVELOPMENT COSTS	-	18,514	-	-
TOTAL INTANGIBLE ASSETS	394,588	419,212	12,865	18,975

MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year are as follows:

	PATENTS	GOODWILL	DEVELOPMENT COSTS	TOTAL
	$	$	$	$
GROUP				
Balance at beginning of the year	18,975	381,723	18,514	419,212
Additions	1,790	-	-	1,790
Amortisation expense	(7,900)	-	(18,514)	(26,414)
BALANCE AT END OF THE YEAR	12,865	381,723	-	394,588
PARENT				
Balance at beginning of the year	18,975	-	-	18,975
Additions	1,790	-	-	1,790
Amortisation expense	(7,900)	-	-	(7,900)
BALANCE AT END OF THE YEAR	12,865	-	-	12,865

The recoverable amount of each cash generating unit is determined based on value in use calculations. Value in use is calculated based on the present value of cash flow projections over a five year period.

The following assumptions were used in the value in use calculations:

Growth rate: 2% to 4% Discount Rate: 15%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: TRADE AND OTHER PAYABLES

	GROUP		PARENT	
	2018	2017	2018	2017
	$	$	$	$
Trade payables	919,264	360,386	677,859	207,509
Accrued expenses and other payables	569,561	564,911	476,689	495,128
GST payable	408,085	397,872	408,085	397,872
Lease liability – straight lining	51,840	-	51,840	-
TOTAL TRADE AND OTHER PAYABLES	1,948,750	1,323,169	1,614,473	1,100,509

NOTE 13: INCOME RECEIVED IN ADVANCE

	GROUP		PARENT	
	2018	2017	2018	2017
	$	$	$	$
CURRENT				
Members subscriptions in advance	8,614,312	8,013,155	7,348,499	6,887,591
Other income in advance	1,063,358	964,718	1,017,659	926,052
TOTAL INCOME RECEIVED IN ADVANCE	9,677,670	8,977,873	8,366,158	7,813,643
NON-CURRENT				
Other income in advance	881,280	-	881,280	-

NOTE 14: PROVISIONS

	GROUP		PARENT	
	2018	2017	2018	2017
	$	$	$	$
CURRENT				
Employee entitlements	1,186,314	1,192,440	1,186,314	1,192,440
NON-CURRENT				
Employee entitlements	96,702	67,057	96,702	67,057
Lease restoration	145,637	137,637	145,637	137,637
TOTAL NON-CURRENT PROVISIONS	242,339	204,694	242,339	204,694

MOVEMENT IN PROVISIONS

	EMPLOYMENT ENTITLEMENTS	LEASE RESTORATION	TOTAL
GROUP AND PARENT			
Balance at 1 July 207	1,259,497	137,637	1,397,134
Additional provisions	564,592	8,000	572,592
Amounts used	(541,073)	-	(541,073)
BALANCE AT 30 JUNE 2018	1,283,016	145,637	1,428,653

PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

PROVISION FOR LEASE RESTORATION

A provision has been recognised for the restoration of leased property to the condition to that when leases were commenced where the lease document provides. A liability exists on the Melbourne property. A discount rate adjusted to reflect the changing values over time has been considered and applied.

NOTE 15: RESERVE

	GROUP		PARENT	
	2018	2017	2018	2017
	$	$	$	$
Foreign currency translation reserve	(98,941)	(66,193)	-	-

The foreign currency translation reserve records exchange differences arising on translation of a foreign owned subsidiary.

NOTE 16: COMMITMENTS

Non-cancellable operating leases contracted for but not capitalised in the financial statements

PAYABLE — MINIMUM LEASE PAYMENTS				
- not later than 1 year	1,562,620	1,415,390	1,477,704	1,347,870
- between 1 year and 5 years	4,452,182	4,438,824	4,342,500	4,438,824
- later than 5 years	3,336,601	4,180,968	3,336,601	4,180,968
TOTAL OPERATING LEASE COMMITMENTS	9,351,403	10,035,182	9,156,805	9,967,663

IPA leases office equipment and office premises throughout Australia's capital cities. The equipment leases are all for fixed rentals. Increases in lease commitments may occur in line with annual review based on either changes in the rental market, the Consumer Price Index, or fixed percentage increment. IPA holds lease renewal options which are not judged to have any material value that can be reliably valued and so are not recognised.

The Institute of Financial Accountants has leased office premise at Clerkenwell Workshops, 27/31 Clerkenwell Close, Farringdon London EC1R0AT, United Kingdom.

NOTE 17: INFORMATION ABOUT PRINCIPAL SUBSIDIARIES

The subsidiary listed below is controlled by the parent entity. The assets, liabilities, income and expenses of the subsidiary has been consolidated on a line-by-line basis in the consolidated financial statements of the Group.

	Proportion of Ownership Interest Held by the Group	
	2018	2017
NAME OF SUBSIDIARY		
The Institute of Financial Accountants	100%	100%

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

The entities listed below are subsidiary undertakings of The Institute of Financial Accountants Limited, which have not been consolidated into the group financial:

NAME	STATUS	COUNTRY OF INCORPORATION
Institute of Financial Accountants in Hong Kong Ltd	Active	Hong Kong
Institute of Financial Accountants in China Ltd	Active	Hong Kong
Association of Financial Managers Limited	Dormant	United Kingdom
Federation of Tax Advisers Limited	Dormant	United Kingdom
IFA Institute of Business Management Limited	Dormant	United Kingdom
IFA Institute of Business Managers Limited	Dormant	United Kingdom
IFA Institute of Financial Management Limited	Dormant	United Kingdom
IFA Institute of Financial Managers Limited	Dormant	United Kingdom
IFA Institute of Public Accountants Limited	Dormant	United Kingdom
The Association of Administrative Accountants Ltd	Dormant	United Kingdom
The Association of Book-keepers	Dormant	United Kingdom

The operations of the two active entities, stated above, are not material to the group and therefore have not been consolidated in the current year.

NOTE 18: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties are as follows:

		Parent	
DIRECTOR	DIRECTORS EMPLOYER	2018	2017
Kevin Dawes	Strategic Plus Pty Ltd	3,300	6,600
Nordin Zain	Prospect Alliance Consulting & Training	6,600	6,600
Damien Moore	Carrington Accounting Services	13,200	9,900
Russell Hillard	R & J Financial Services	6,600	6,600
Jason Parker	Parker Accounting & Financial Services	6,600	6,600
Anthony McCartin	McCartin & Associates	6,600	6,600
David Lever	David Lever	-	1,650
Wendy Leegel	Leegel Consulting Group	4,950	9,900
Linda Bernard	Grange Professional Services	6,600	6,600
Michael Colin	Make It Happen in Sierra Leone	6,600	4,950
Christine Leetham	TAFE NSW	-	6,600
Barbara Maguire	Defence Force Commissions of Inquiry	-	6,600
Julie Williams	Insolvency & Turnaround Solutions	3,300	-
Mike Mooney	Mike Mooney Accountant	3,300	-
Michael Schaper	ACCC	-	-

TRANSACTIONS WITH RELATED PARTIES

Representatives of IPA are on the Board of Association of Accounting Technicians (Australia) Ltd.		
IPA leases the Tasmania office premises from Denis Laing – State president (NDC)	-	10,299
Referral fees paid to a company associated with a director	411	-
IPA provided rental accommodation and services to Association of Accounting Technicians (Australia) Ltd during the financial year, which is paid to 30 June 2018	202,800	67,000
Loan receivable from Association of Accounting Technicians (Australia) Ltd (Note 7)	619,998	320,000

NOTE 19: CONTINGENT LIABILITIES

	GROUP		PARENT	
	2018	2017	2018	2017
	$	$	$	$
Bank guarantees for the term of the operating leases for periods up to 10 years	618,661	586,519	618,661	586,519

Indemnities for bank guarantees to the lessors' of properties occupied under operating leases at 555 Lonsdale Street, Melbourne; 210 George Street, Sydney; 422 King William Street, Adelaide; 1008 Hay Street, Perth and 300 Queen Street, Brisbane.

NOTE 20: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases. The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

FINANCIAL ASSETS	NOTE				
Cash and cash equivalents	6	3,445,512	3,052,880	2,221,382	2,070,793
Loans and receivables	7	2,163,448	773,779	2,509,224	1,267,353
Financial assets and deposits	8	7,369,699	6,822,808	7,369,699	6,822,808
TOTAL FINANCIAL ASSETS		12,978,659	10,649,467	12,100,305	10,160,954
FINANCIAL LIABILITIES					
Financial liabilities at amortised cost:					
- Trade and other payables	12	1,948,750	1,323,169	1,614,473	1,100,509
TOTAL FINANCIAL LIABILITIES		1,948,750	1,323,169	1,614,473	1,100,509

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of IPA and the group, the results of those operations or the state of affairs of IPA and the group in future financial years.

DIRECTOR'S DECLARATION

In accordance with a resolution of the directors of Institute of Public Accountants Ltd, the directors of Institute of Public Accountants Ltd declare that:

1. The financial statements and notes, as set out on pages 30 to 51, are in accordance with the *Corporations Act 2001* and:

    1. Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
    2. give a true and fair view of the financial position as at 30 June 2018 of the group and the company and of their performance for the financial year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that Institute of Public Accountants Ltd will be able to pay its debts as and when they become due and payable.

Anthony McCartin FIPA
Deputy President

Linda Bernard FIPA
Deputy President

Signed in Hobart, This 7th day of September 2018

McLean Delmo Bentleys
THINKING AHEAD

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INSTITUTE OF PUBLIC ACCOUNTANTS LTD

Opinion

We have audited the financial report of Institute of Public Accountants Ltd and Controlled entities and Institute of Public Accountants Ltd, which comprises the consolidated and parent entity's statement of financial position as at 30 June 2018, the consolidated and parent entity's statement of profit or loss and other comprehensive income, the consolidated and parent entity's statement of changes in equity and the consolidated and parent entity's statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of Institute of Public Accountants Ltd and Controlled entities and Institute of Public Accountants Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated and parent's entity's financial position as at 30 June 2018 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Institute of Public Accountants Ltd would be in the same terms if provided to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

KRESTON

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Accountants
Auditors
Advisors

McLean Delmo Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INSTITUTE OF PUBLIC ACCOUNTANTS LTD (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

McLean Delmo Bentleys Audit Pty Ltd

Martin Fensome
Partner

Hawthorn
12 September 2018

INSTITUTE OF PUBLIC ACCOUNTANTS HEAD OFFICE
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